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SUBJECT: TERRORIST FINANCE: MEXICO CITY'S RESPONSE TO
ILLCIT CASH COURIERS ACTION REQUEST

REF: A. SECSTATE 152008
[1](#)B. MEXICO 1119

[1](#)1. (SBU) This cable is Mexico City's response to Ref A.

-- Status of laws specifically criminalizing bulk cash
smuggling, and key elements of those laws

[1](#)2. (SBU) The Government of Mexico continues efforts to
implement an anti-money laundering program according to
international standards such as those of the Financial Action
Task Force (FATF), which Mexico joined in June 2000. Money
laundering related to all serious crimes was criminalized in
1996 under Article 400 bis of the Federal Penal Code, and is
punishable by imprisonment of five to fifteen years and a
fine. Penalties are increased when a government official in
charge of the prevention, investigation, or prosecution of
money laundering commits the offense.

[1](#)3. (SBU) In December 2000, Mexico amended its Customs Law to
reduce the threshold for reporting inbound cross-border
transportation of currency or monetary instruments from USD
20,000 to USD 10,000. At the same time, it established a
requirement for the reporting of outbound cross-border
transportation of currency or monetary instruments of USD
10,000 or more. Mexico's Financial Intelligence Unit (FIU)
receives these reports.

[1](#)4. (SBU) Regulations have been implemented for banks and
other financial institutions (mutual savings companies,
insurance companies, financial advisers, stock markets, and
credit institutions), as well as exchange houses, and money
remittance businesses to know and identify customers and
maintain records of transactions. These entities must report
suspicious transactions, transactions over USD 10,000, and
transactions involving employees of financial institutions
who engage in unusual activity to the FIU. Real estate
brokerages, attorney, notaries, accountants and dealers in
precious metals and stones are required under a November 2005
provision of the tax law to report all transactions exceeding
USD 10,000 to the FIU, via the Tax Administration Service.

-- Cross-border reporting requirements for inbound/outbound
movement of currency and monetary instruments

[1](#)5. (SBU) Article 9 of the Customs Law requires that all
cross-border transactions worth USD 10,000 or more must be
declared to the customs authority. Failure to do so is an

administrative offense. Failure to declare currency in excess of USD 30,000 upon entering or leaving Mexico is a criminal offense. If convicted, the amount exceeding USD 30,000 becomes the property of the Federal Fiscal Authority, unless the defendant can establish its legal origin.

-- Host country actions to interdict potential cash couriers or to throw risk into the system

¶6. (SBU) Mexico continues to implement reforms with guidance from FATF standards as discussed above. Nonetheless, U.S. law enforcement officials say that Mexico is one of the most challenging money laundering jurisdictions for the United States, especially with regard to the investigation of money laundering activities involving the cross-border smuggling of bulk currency from drug transactions.

-- Status of investigations into bulk cash smuggling

¶7. (SBU) DEA, DHS/ICE, and CBP have active investigations under bulk cash smuggling laws. This has been validated by the FIU. According to a FATF report, 30 preliminary inquiries into money laundering offenses were initiated by the Federal Public Prosecutor from May 16, 2005 to September 15, 2005.

-- Prosecutions under bulk cash smuggling laws

¶8. (U) Unknown.

-- How mission elements have engaged relevant partners to develop and execute a cash courier interdiction plan

¶9. (SBU) In August 2005, ICE, CBP, and the State Department

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initiated a training program with Mexican authorities on ways to combat cash smuggling. Since 2003, USG agencies and Mexican Customs have seized approximately USD 60 million, mostly at Mexico City's airport. Treasury's Financial Crimes Enforcement Network (FinCEN) in Washington also has worked with Mexico's Secretariat of Finance and Public Credit on this issue. FinCEN recently briefed FIU analysts on its efforts regarding cash couriers and identified areas for future collaboration.

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